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Organization Practice

Grabbing hold of the new future of work

The COVID-19 pandemic has reshaped existing workforce trends and catalyzed new ones. Here's the latest on what's next—and what to do about it.

The COVID-19 pandemic has dramatically disrupted labor markets across the globe, often with devastating consequences. Now, as infection rates in some countries begin to ebb, many are turning their sights to the future of work beyond the crisis—and to what the pandemic's more lasting effects on the workforce might look like.

In this episode of *McKinsey Talks Talent*, McKinsey talent experts Bryan Hancock and Bill Schaninger welcome economist and McKinsey partner Susan Lund to discuss the latest McKinsey Global Institute research on the trajectory of jobs, skills, and other workforce trends in the COVID-19 recovery. An edited version of their conversation with McKinsey Global Publishing's Lucia Rahilly follows.

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Identifying roles at risk

Lucia Rahilly: Susan, we published quite a bit prior to the pandemic about trends in the future of work. What did we do differently in this research to take COVID-19 into account?

Susan Lund: In our new research, we thought about physical proximity—an element of work we hadn't considered much before.[1] We quantified, for 800 different occupations, how closely people work together. In healthcare, for example, a lot happens in the medical-care arena: doctors and nurses working directly with patients. But there are also administrative people who work in an office setting. There are pharmacists and laboratory technicians who work in a venue we call indoor production warehousing. The pandemic has affected people in these different work arenas very differently.

Lucia Rahilly: Where is the pandemic likeliest to precipitate job loss?

Susan Lund: Of the four work arenas likely to see the most change long term, the first is on-site customer interaction: salespeople in retail, tellers in

banks—workers who deal with a lot of other people face-to-face. Not surprisingly, companies have thought about how to use technology to transform that work. A lot of interactions have moved online. Even in a retail setting, we might use self-checkout to avoid interacting. We think this desire for contactless customer care will continue.

Travel and leisure has also been wildly disrupted—jobs where people navigate large crowds in an airport, in a movie theater, in hotels and restaurants. Again, there's been a shift to digital in some of these areas, and long term we see a decline in demand for many of those roles—millions of frontline, often low-wage service roles. The future of work will look very different for that set of occupations.

Bryan Hancock: If a rebound does happen, will frontline jobs come back to the same level? If not, what's an example of a job that may go away forever?

Susan Lund: Let's take travel. A Caribbean vacation can't happen virtually. But in business, a lot can be accomplished via videoconferencing. And even, say, diehard salesmen who claimed they had to go out and press the flesh to build trust have found they can achieve an extraordinary amount on video. I know one company that just completed a multibillion-dollar transaction across an ocean—and never set foot on-site. Also, if you're not on airplanes all the time, you can see more customers—there's a productivity gain. So business travel might decline, say, 20 percent permanently. Getting on an airplane for one meeting—that will go away and have knock-on effects for hotels, restaurants, rideshare, and of course for airlines.

Bill Schaninger: Susan, I wonder about bifurcating luxury versus commodity service. In fast food, kiosks are in play. But at a five-star restaurant, would you really want a robot serving you?

Susan Lund: I'm often asked, "Are you saying we won't go to restaurants?" We'll go to restaurants. And, yes, when we go out for a fine-dining experience, we'll have a waitperson—although, in Japan they're fond of humanoid mobile robots,

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[1] "The future of work after COVID-19," McKinsey Global Institute, February 18, 2021, McKinsey.com.

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—Susan Lund

which you see in restaurants. But, generally, I agree that at the higher end of the price point, we'll continue to be served in-person—and that for a lot of commoditized services, we won't. Even, say, massages. Sales of home massaging chairs and contraptions have taken off during this pandemic.

Lucia Rahilly: I've got five six-year-olds in my apartment right now engaging in remote school. Where does online education fall on the spectrum of disruption?

Susan Lund: Lucia, my heart goes out to you—although I recently witnessed a similar class of first graders, and it made me smile to hear them giving each other IT advice. It was adorable. But, look, we should differentiate between what can be done remotely and what can be done remotely with equal productivity. K–12 education can be done remotely, but there's accumulating evidence of significant learning loss, particularly for low-income students. Remote education has really exposed the digital divide, and fixing that divide is imperative. Even in the US and other rich countries, many people lack access to broadband or IT equipment. In that case, where remote is clearly inferior, schools are likely to open as soon as possible. The same isn't true for corporate training. Many companies say they'll move much of their previously in-person training online, because adults do fine online. Education may look very different for young kids versus adults in the workforce.

New jobs, new skills

Lucia Rahilly: Help us understand what this disruption means in terms of numbers. How many workers do we expect to need to change jobs?

Susan Lund: When we look out over a decade, we expect the economy to be growing, but with a very different mix of jobs. We've talked about declining demand for customer-service roles, for food service. We see a lot less demand for basic office work—administrative assistants and bookkeepers—as well as continuing automation in factory settings and production facilities. But we also expect growth in healthcare, STEM [science, technology, engineering, and mathematics], management, creatives. People in occupations at risk of lower demand might consider moving to one of those growth areas—but that requires a big step-up in skills. In the United States, we project there are about 17 million people in jobs that may see less demand. Over the eight countries we study in our report, 100 million people may need skills to perform different occupations in growing fields.

Lucia Rahilly: Job displacement at that scale can feel genuinely destabilizing. Let's talk about what we can do. When you talk about stepping up skills, what do you mean?

Susan Lund: People need opportunities to switch careers and learn different skills. In some instances, that will require businesses to help retrain workers. It

will require educational institutions to rethink how we prepare young people for the workforce and the need for technical skills or credentials, if not a college degree. And then of course all governments spend money on workforce training, sometimes not very effectively.

Bill Schaninger: The efficacy rate of real reskilling—learning something completely new—is still abysmally low. I worry about a lost generation whose only opportunities are to go into the gig economy or go down-market. Do you have thoughts on that?

Susan Lund: It's daunting. There are companies that will decrease headcount, at least for current positions. Some workers may have opportunities to shift to a different occupation but in a different location. I was just talking today to a chief human-resources officer at a health insurance company, and she said they've tried to reskill and offer new opportunities, but doing so often requires a geographic move, and people aren't willing to or can't uproot their family. This is where I think educational institutions and the government come in—to help people shift occupations.

But I'm inherently optimistic. Think about a nonprofit organization like Generation, where McKinsey and others took out-of-work youth and in a matter of weeks taught them the basic skills necessary to get a job—say, a certified nurse assistant, which is the lowest rung of nursing. Or the innovative programs at some early college-prep high schools with four- to six-year programs, where students earn a high-school degree plus an associate degree with some technical skills. These schools are in very disadvantaged neighborhoods and have amazing graduation rates, and students leave ready to get a job. So I have hope, certainly for the next generation and even for people currently working.

Bill Schaninger: There seems to be a divide in terms of pliability of skills—those who are digitally native versus those who have gone from analog to digital. It's not a foregone conclusion; it just seemed harder.

Susan Lund: Remember, we need welders. We need electricians. We need master carpenters. We don't only need computer programmers. I think it's a big enough tent, and there should be a place for everyone if we can figure it out.

Bryan Hancock: At a theoretical level, reskilling at this magnitude is daunting. But when you start segmenting the workforce, it feels more reasonable, at least for certain segments. Reskilling IT workers for the cloud requires real retraining, not just upskilling. But you can see the pathway there. And for those in early-career jobs, there's an opportunity to start over at the entry level of another industry that's growing. Suppose you move from retail to healthcare. Then the question is how to better express the skills you learned working in retail—how to make those skills more transparent and relevant to the healthcare provider, to have a shorter training journey and a shorter path to promotion and success.

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–Bryan Hancock

Lucia Rahilly: What's the time frame for leaders to get on this?

Susan Lund: Now. Very few think we're going back to the way life was. Most plan on some form of hybrid work, where possible. They're thinking about reducing and reconfiguring office space. Which people should work together on-site, and when? Who can work from home, and how often? What role will digitization play?

Others are thinking about the employee experience more broadly. Given what we've all been through, what does it take to have an amazing employee value proposition to attract talent? Maybe some flexibility on location or days on-site? How do we think about experience for employees who have to be on-site daily? Others are focusing on customer experience, asking, "Now that we've started to use different channels to reach customers, what expectations do they have?" and working back from that. There are many different angles.

To be clear, this is not only an HR issue; it's about company strategy. It hits finances, so the CFO cares a lot. Technology is a core part of making changes work. Reimagining work is a cross-functional, top-team decision-making process.

Prioritizing purpose

Lucia Rahilly: Do you think there's anything lost in a hybrid work environment that should be managed for?

Susan Lund: If you do it right, you'll gain productivity, gain engagement—because you'll be intentional about making sure people are together to build culture, bring new people on board, innovate and brainstorm, build trust with new people. But it'll take trial and error.

Lucia Rahilly: How does remote work affect vulnerable demographics? Bryan, I'm thinking of the recent report you coauthored, *Race in the*

Workplace, that looked at the geographic distribution of Black workers in the United States.[2]

Bryan Hancock: I think remote work creates significant opportunity on the diversity front. Sixty percent of Black workers live in the South. If you're a leader thinking about how to attract a more diverse technical workforce, look at cities—Houston, Atlanta—with large populations of educated Black workers. Take ClassPass, which moved from New York City to Montana, and then went looking for cities with more diverse talent pools. Now, it's keeping its base of operations in Montana but opening a satellite in Houston, in part because of the diversity of the workforce there. Leaders are starting to realize not everyone has to be headquartered together. Many are considering opening hubs in more diverse locations, instead of expecting diverse talent to move—especially since in the US, mobility is at a 50-year low.

Lucia Rahilly: We've seen job loss disproportionately affect diverse populations during COVID-19. Do we expect that to continue postpandemic?

Susan Lund: A lot of the jobs in declining demand are disproportionately held by diverse populations— young people, women, those without a college degree, ethnic minorities. Companies will have to intentionally combat regressive impacts of this pandemic to continue moving forward on their diversity and inclusion goals.

Lucia Rahilly: How does that intersect with the emphasis on purpose that has been invigorated during this period?

Bill Schaninger: I'm thinking about New York City, where they've set up a system for midcareer switchers to get teaching certificates relatively quickly. We're going to see an exodus in a lot of healthcare slots. Maybe midcareer people consider switching into nursing or other affiliated healthcare roles. That would be great, so long as they have

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[2] "Race in the workplace: The Black experience in the US private sector," February 21, 2021, McKinsey.com.

'I'm hopeful that after the crisis, we never take being in each other's presence for granted again.'

–Bill Schaninger

agency and their reskilling is a choice—something they really want to do and are passionate about. If it's not, I worry quite a bit about uptake and don't think it'll work very well.

On the flip side, the idea that work can go home without meaningful boundaries—we've discovered that we've run people ragged after a year, particularly those also in caregiver roles. For employees who are also a caregiver, a partner, a teacher, a parent—notably women, because our culture disproportionately leans on women in caregiving roles—we've found out that sometimes the space provided by a workplace might be a good thing. It can't be a binary switch, off or on; we need to find some flexibility. But I'm hopeful we've learned from that.

Bryan Hancock: A lot of organizations talk about purpose. As we think about the workplace experience, how do we make sure we're hitting the moments that matter? The onboarding moment? The review? The difficult conversation with the manager? How do we think about managing that human interaction better? How do we think about inclusion? Or about mental health and the balance between work and home lives, especially under the pressure of COVID-19? You could look at any of those trends individually. But collectively, we have a real opportunity to talk about the human connections that matter. And as we're redesigning work, having that holistic focus on what's human will help distinguish who does this well from who doesn't.

Fast-forward to the future

Lucia Rahilly: Bill, you invoked digital pliability as an advantage for digital natives versus older workers.

But many younger workers must also be filled with trepidation about the pace of upheaval and investing in skills that may rapidly become obsolete. Any recommendations for students or younger folks who may be thinking about how to future-proof their own career trajectories?

Bill Schaninger: If you're younger, digital has always been there, so it's less daunting. But other things can be daunting. Take novelty. For many people, any time there's newness, there's risk of failure. And failure has real-life outcomes—rent, food. So whatever makes a person more viable, more resilient, more adaptable to a changing work environment— that helps. Skills that are about how to be a good employee, how to represent yourself well, how to make yourself more adaptable, learning to learn, really being open to it, seeing how it'll apply—those skills will be invaluable.

In many cases, folks may not have had particularly good education experiences. For them, building these skills can't feel like school; the rationale for pivoting toward lifetime learning is their livelihood. Making life easier. Let's call it what it is: helping make sure you have meaningful employment. I think we'd do well to position it that way.

Bryan Hancock: We should also take an expansive view on the skills required. Livelihood is about far more than technical skills. Increasingly, it's about social and emotional skills, like working effectively on a team. So how do we be as deliberate in training for soft skills as for hard skills? That goes back to the education system. It might also go to, say, my entry-level job in retail. Suppose I'm part of a team and have the opportunity to lead the team meeting at the beginning of my shift. Can we document those

team-based elements, that leadership side? Because those soft skills are going to be as or more important in a shifting world than specific technical skills you pick up from a 12-week boot camp.

Bill Schaninger: Among potential employees who've grown up with social media, the method of interaction is unbelievably different than ten, 20 years ago. The idea of talking to people, not texting. Having a difficult conversation that you can't immediately evacuate by hitting the red button on your phone. The speed of communication, which allows you to send off a flame that's not governed, thoughtful, or filtered. What social media allows—immediacy, the gratification of emotion meeting action—none of that translates well to the complexities of working and interacting with people who are, in some cases, really different from you.

Susan Lund: We've talked about socioemotional skills as well as technical skills. I think the real sweet spot is going to be the combination. Sometimes people say, "It's no longer STEM, it's STEAM," adding in art. We haven't talked about creativity. But people who can develop multiple overlapping skill sets—that'll be the real sweet spot.

Lucia Rahilly: We've talked a lot about potential challenges to be navigated. And folks may be anxious about being part of that lost generation Bill alluded to. What are you most excited or optimistic about in our postpandemic future?

Susan Lund: In some ways, the pandemic has gotten the world out of a rut. Many workplace norms and practices have been smashed. We've seen a flattening of hierarchies—*Hollywood Squares* videoconferences where the CEO is bottom-left. We've seen people's dogs and kids. We've seen companies work incredibly fast, first to make sure everyone is safe, then to go remote and adapt to interacting with customers digitally. Things we thought would take years have been implemented in a matter of weeks. If we can retain that, as we think about how to address workforce challenges and the number of people transitioning to different occupations, we'll be in great shape.

Bryan Hancock: I'm most excited by the momentum we're building as we look at how to address skills gaps and think about career opportunities in a more segmented way. I think about the Markle Foundation and the Rework America Alliance, of which McKinsey is a part along with other leading companies. They're looking at giving better data-backed tools to frontline-workforce coaches so that when these coaches help people find jobs, they can say, "You know what? This career ladder is more like a stepladder. Not a lot of growth. But this one over here looks like a real ladder, with multiple levels." As more organizations start thinking about how to use that data and build off those insights, it'll make some of these transitions more informed, if not easier.

Bill Schaninger: Right now, we have an opportunity to reground in purpose. Many organizations have failed during this time. If we're fortunate enough still to exist, why? Then we take our answer and engage our employees, who now have real agency—can choose to opt in or opt out—and say, "Does this align with your sense of purpose?" If we start with that grounding—employees don't have to be here and have a choice—we increase the likelihood of our workplace becoming more rewarding for everyone.

I'm also hopeful that after the crisis, we never take being in each other's presence for granted again. So much of work is social, and we've been denied that. There's just no substitute. So we make our travel purposeful. We make our meetings purposeful. And we remember a time when we couldn't be in each other's presence—and we sit with that a bit.

Bryan Hancock is a partner in McKinsey's Washington, DC, office, where **Susan Lund** is a knowledge development partner. **Bill Schaninger** is a senior partner in the Philadelphia office. **Lucia Rahilly** is global editorial director of McKinsey Global Publishing and is based in the New York office.